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Informal Translation of Foreign Currency Exchange Agreement

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Agriculture in the Economy

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Report Highlights:

Post provides an informal translation of Venezuela's Foreign Currency Exchange Agreement Nr. 14 published in Official Gazette Nr. 39.342 dated January 8, 2010

Executive Summary:

Venezuela's government has implemented a devaluation of the Bolivar Fuerte (Bs.) against the American Dollar as explained on Gain Report VE1001. An informal translation of the actual Decree is provided below.

General Information:

Begin Informal Translation

FOREIGN EXCHANGE AGREEMENT NR. 14

The National Executive Office, herein represented by citizen Ali Rodriguez Araque performing as the Minister of Economy and Finance, authorized by the Decree Nr. 2.278 dated January 21, 2003, one one hand; and, on the other hand, by the Central Bank of Venezuela, represented by its President, Nelson J. Merentes D., authorized by the Board of Directors of such Institution in Session Nr. 4.256 held on January 8, 2010 and according to that provided in Article 318 from the Bolivarian Republic of Venezuela's Magna Charta in concordance with that provided in articles 5;7 , numeral 2, 5 and 7; 21; numeral 16 and 17; 33; 110 and 112 of the Central Bank of Venezuela's law, and 6 from the Foreign Exchange Agreement Nr. 1 dated February 5, 2003, have hereby concurred the following:

Article 1. Foreign currency sale operation's liquidation assigned as detailed below, provided in the corresponding providences dictated by the Foreign Currency Administration Commission (CADIVI), will be executed at Two Bolivars and Sixty Cents (Bs. 2.60) per one American Dollar (ONE USD) exchange type:

- a. Imports for foods, health, education, machinery and equipment, science and technology sectors, according to the commercial policy established by the National Executive Office.
- b. Operations involving remittances to relatives living abroad
- c. Payments due to expenses incurred by students performing academic activities abroad
- d. Payments due to expenses related to health, sports, culture, scientific research and other special urgency cases, upon CADIVI's judgment.
- e. Payments to retirees living abroad
- f. Acquisition of Foreign Currency by diplomatic and consular missions and their officers as well as by foreign officers from international entities duly credited before the National Government.

Article 2. Foreign currency sale operation's liquidation executed by the Central Bank of Venezuela regarding payments from the public non-petroleum related sector, including the external public debt's payment, will be executed under Bs. 2.60 per one USD type of exchange.

Article 3. Foreign currency sale operation's liquidation provided in Foreign Exchange Agreements different to those indicated on articles 1 and 2 from the current agreement will be executed under the type of exchange of four bolivars and thirty cents (Bs. 4.30) per one USD, except for the regime established in the article 5 of this present exchange agreement.

Article 4. The type of exchange applicable to foreign currency purchase's operations obtained by the public sector, different to the ones indicated in article 5 of the present agreement and to the ones obtained by the public non-petroleum exports, will be as per Bs. 2.5935 per one USD.

The type of exchange applicable to foreign currency purchase operations different to those indicated in the heading of this article and the ones provided in article 5 of the present agreement, including those coming from public and private non-petroleum sector exports will be at Bs. 4.2893 per one USD. This last type of exchange will be applicable to the Central Bank of Venezuela's Gold purchase operations.

Article 5. The types of exchange that will apply to foreign currency purchases operations, regulated in the Foreign Exchange Agreement Nr. 9's article 1, dated July 14, 2009, published on the Bolivarian Republic of Venezuela's Official Gazette Nr. 39.239 dated August 11, 2009, will be

at Bs. 4,2893 per one USD or Bs. 2.5935 per one USD according to what the Central Bank of Venezuela will establish, regarding the proportions determined by this entity for the liquidation of operations provided in article 1, 2 and 3 of the present agreement. This last exchange type will be applicable to at least a thirty percent (30%) of the foreign currency purchase operations involved into the present article.

The operations of foreign currency purchase assigned to the Fondo de Desarrollo Nacional (FONDEN) -Fund of National Development-, derived from Petroleos de Venezuela, S.A. (PDVSA's) contribution will be done under the foreign exchange type of Bs. 4.2893 per one USD.

The exchange types that will be applicable to foreign currency sale operations regulated on Exchange Agreement Nr. 9's article 6, dated July 14, 2009, published in the Bolivarian Republic of Venezuela's Official Gazette Nr. 39.239, dated August 11, 2009, will be Bs. 2.60 per one USD or Bs. 4.30, according to what the Central Bank of Venezuela will establish.

Article 6. Private individual or juridical entities dedicated to the export of goods and services, shall be able to retain and administer up to thirty percent (30%) of the income received in foreign currency derived from the export executed; this percentage shall be used to cover the expenses arising from export activity, different from financial debt concepts.

The regime provided through Exchange Agreement Nr. 9, dated July 14, 2009, published on the Bolivarian Republic of Venezuela's Official Gazette Nr. 39.239, dated August 11, 2009, and in the Exchange Agreement Nr. 12 dated June 11th 2009, published in the Bolivarian Republic of Venezuela's Official Gazette Nr. 39.207, dated June 25, 2009 remains the same.

Article 7. The acquisitions of foreign currency required for the payment of capital funds, vested interests, guarantees and other collaterals of the external private debt contracted with any foreign creditor, including multilateral and bilateral organizations, integration entities or foreign government entities and export financing agencies, will be executed through the Banks and other exchange operators authorized for these matters, upon previous compliance of the requirements and conditions established by the Foreign Currency Administration Commission (CADIVI) for such effects, under the exchange type fixed by the National Executive Office and the Central Bank of Venezuela.

Article 8. The purchase in primary market and in national currency of Titles of the Republic or from its decentralized entities issued or to be issued into foreign currency will be executed under the exchange type fixed for such matters by the National Executive Office and the Central Bank of Venezuela.

Article 9. The Central Bank of Venezuela shall be able to execute operations of purchase and sale of Titles issued in foreign currency, in the local market, whenever they consider it appropriate.

Likewise, the execution of the operations provided in the present article by organisms and public entities shall be coordinated with the Ministry of Economy and Finance, and the Central Bank of Venezuela.

Article 10. The operations of purchase and sale of foreign currency, whose liquidation had been requested to the Central Bank of Venezuela before the validity of the present agreement, will be liquidated under the exchange types established in the foreign exchange agreement Nr. 2 dated March 1, 2005, accordingly.

The foreign currency sale operations executed by currency exchange operators before the set in force of the present agreement, based on generic regulations issued according to that provided in

the Foreign Currency Administration Commission (CADIVI)'s Decree Nr. 097, dated June 11, 2009, published on the Bolivarian Republic of Venezuela's Official Gazette Nr. 39.210 dated June 30, 2009, will be liquidated by the Central Bank of Venezuela under the exchange type established in the exchange agreement Nr. 2 dated March 1, 2005. The same type of exchange will be applied for foreign currency purchases executed by currency exchange operators before the effect of this agreement.

The operations of foreign currency sale executed by currency exchange operators for the payment of consumptions executed through credit cards, according to the Foreign Currency Administration Commission (CADIVI)'s providence dictated for such matter will be liquidated by the Central Bank of Venezuela under the type of exchange valid at the moment of the operation's execution.

Article 11. Exchange Agreement Nr. 1 dated February 5, 2003's Article 27's First Paragraph published on the Bolivarian Republic of Venezuela's Official Gazette Nr. 37.653 dated March 19, 2003, has been derogated as well as Exchange agreement Nr. 2 dated March 1, 2005 published on the Bolivarian Republic of Venezuela's Official Gazette Nr. 38138 dated March 2, 2005; Exchange Agreement Nr. 4's Article 2 dated October 3, 2003 published on the Bolivarian Republic of Venezuela's Official Gazette Nr. 37.790 dated October 6, 2003; Exchange Agreement Nr. 8 dated September 2nd 2004 published on the Bolivarian Republic of Venezuela's Official Gazette Nr. 38.015 dated September 3, 2004; as well as any other provision regarding that established in the present exchange agreement.

Article 12. The present Agreement will be effective as of January 11, 2010.

End of Informal Translation